



Indiana Department of Environmental Management  
*Protecting Hoosiers and Our Environment Since 1986*

*Office of Land Quality*



**A State that Works**

# Financial Assurance Board Meeting

March 23, 2023



## Incidents Reported per Month

Year	Month Name	Count of Incidents (all)	Count of confirmed releases	Count of suspected releases
2022	July	9	8	1
2022	August	10	9	1
2022	September	14	10	4
2022	October	10	9	1
2022	November	14	10	4
2022	December	12	8	4
2023	January	11	2	9
2023	February	15	4	11
<b>Total</b>		<b>95</b>	<b>60</b>	<b>35</b>



*Office of Land Quality*

**ELTF Claims - Claims Received and Reviewed per Month**

Calendar Year	Month	Total Received	Total Amt Requested	Reviewed	Avg Review Time	Amt Reviewed	Amt Approved	Amt Reimbursed
2022	July	44	\$824,457	59	67.42	\$667,421	\$450,027	\$337,905
2022	August	55	\$824,796	57	64.28	\$775,393	\$615,715	\$565,589
2022	September	69	\$878,081	34	75.09	\$656,098	\$382,663	\$343,558
2022	October	51	\$554,596	60	73.65	\$851,524	\$588,432	\$499,043
2022	November	80	\$1,137,972	51	55.04	\$611,071	\$456,565	\$430,774
2022	December	55	\$616,194	58	63.18	\$677,591	\$443,092	\$383,721
2023	January	38	\$624,216	55	77.11	\$572,215	\$445,500	\$340,356
2023	February	43	\$482,227	45	81.20	\$544,586	\$330,198	\$308,547
<b>Total</b>		<b>435</b>	<b>\$5,942,538</b>	<b>419</b>	<b>69.11</b>	<b>\$5,355,900</b>	<b>\$3,712,192</b>	<b>\$3,209,493</b>



# Common Denials

- Reduced reimbursement to task
- Not reasonable/Cost-effective
  - Reminder: NPD lump sum expedited reimbursement
- Over budget without a change order
- Lack of backup documentation



# ELTF Audit Results

- Final draft report – October 2022
- Utilizes/analyzes ELTF data up to Dec. 21, 2021
- Actuarial forecasts through FY 2032
- Actuarial audit performed by Pinnacle Actuarial Resources with assistance from independent subcontractor
- Managerial audit performed by R&A Risk Professionals



# ELTF Audit Results

- Est. Liability for Current sites - \$477M
- Est. Liability for Future sites - \$371.7M
- Projects revenue decrease over 10-yr. period
- Estimates reduction of future liability year on year through FY32



# ELTF Audit Results

- Projects a *negative* “Equity Balance”
  - What is that? And what does it mean?
- Equity Balance vs. Actual Balance
  - 2021 negative EB vs. 2016 **Insolvency** projections
- Equity Balance decreases year on year
  - FY32 is \$40M less than FY22



# ELTF Audit Results

- Managerial Findings
  - Claims staff detailed and accurate in reviews
  - Resubmittal claims common
  - Some variability for reimbursement of certain tasks between claims staff
  - Consistent use of RBCA standards since 2016
  - ERCs taken into consideration when establishing corrective action goals



# ELTF Audit Results

- Managerial Findings (cont.)
  - Assignment of Rights greatly increases costs of corrective action
    - “Claim costs increased by **more than 400%** when the consultant was the claimant.”
  - Average CTC down to \$300k (still 4<sup>th</sup> highest)
  - Average costs for site investigation “***alone exceeds the average cost for all corrective action*** in surrounding states.”



# ELTF Audit Results

- Recommendations
  - Require preapproval for all phases of work
  - Require competitive bidding
  - Utilize task-based costs instead of line-based (or T&M)
  - Eliminate or limit AORs
  - Reduce ELTF reimbursement cap